

INDIVIDUAL ESTATE PROPERTY RECORD AND REPORT
ASSET CASES

Page: 1

Case No: 14-33804 BJH Judge: Barbara J. Houser
Case Name: NAVARRO ORTHODONTIX OF EDINBURG, PL

Trustee Name: James W. Cunningham, Trustee

Date Filed (f) or Converted (c): 10/20/15 (c)

341(a) Meeting Date: 11/17/15

Claims Bar Date: 05/06/16

For Period Ending: 04/26/22

1	2	3	4	5	6
Asset Description (Scheduled and Unscheduled (u) Property)	Petition/ Unscheduled Values	Estimated Net Value (Value Determined by Trustee, Less Liens, Exemptions, and Other Costs)	Property Formally Abandoned OA=554(a)	Sale/Funds Received by the Estate	Asset Fully Administered (FA)/ Gross Value of Remaining Assets
1. Commercial Bldg - 2511 Cornerstone Blvd Edinburg - Bk of America lift stay order 11/24/14 docket #60	491,645.00	0.00		0.00	FA
2. Checking Accounts - Debtor amended 11/24/15 to \$1,643.34 - Per 10/22/15 letter from WF and debtor's MOR filed 11/20/2015 at docket #88, all accounts drawn down to 0.01 at time of conversion to ch 7	1,643.34	0.00		0.00	FA
3. AR - Cash basis estimate - originally valued at \$50,000 - debtor amended to zero per 11/24/15 amended schedules	0.00	0.00		0.00	FA
4. AR - Navarro Orthodontix PC - originally scheduled at \$534,678.27 - Navarro Orthodontix PC in ch 11 at Case #14-32499-bjh-11 - debtor amended to zero per 11/24/15 amended schedules	0.00	0.00		0.00	FA
5. AR - Navarro Orthodontix of FW PLLC - Originally scheduled at \$172,761.10 - Navarro Orthodontix of FW in ch 7 at Case # 15-31369-bjh-7 - debtor amended to zero per 11/24/15 amended schedules	0.00	0.00		0.00	FA
6. AR - Navarro Orthodontix of Irving PC - Originally scheduled at \$95,773.67 - Navarro Orthodontix of Irving in ch 11 at Case15-31370-bjh-11 - debtor amended to zero per 11/24/15 amended schedules	0.00	0.00		0.00	FA
7. AR - Ventura Laboratories - Originally scheduled at \$34,652.00 - debtor amended to zero per 11/24/15 amended schedules	0.00	0.00		0.00	FA
8. AR - Carlos F. Navarro - Originally scheduled at \$139,860.93 - debtor amended to zero per 11/24/15 amended schedules	0.00	0.00		0.00	FA
9. AR - Marco A. Navarro - Originally scheduled at \$110,017.32 - debtor amended to zero per 11/24/15 amended schedules	0.00	0.00		0.00	FA
10. Office Equipment - Bk of America lift stay order 11/24/14 docket #60	184,335.79	0.00		0.00	FA
11. Machinery and Equipment - Bk of America lift stay order 11/24/14 docket #60	119,173.75	0.00		0.00	FA
12. AR - CFN & MAN - Originally not scheduled - debtor amended to add per 11/24/15 amended schedules - MAN & CFN Ortho, PLLC in ch 7 at Case # 15-31368-bjh-7 and involved in same lawsuit described below at #13.	250,189.68	1.00		0.00	1.00

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- Value listed at 1.00 per UST handbook guidelines which require a whole number estimate, but Valuation is an estimate to serve as a placeholder per UST guidelines and is not meant to reflect reality or limit demands or litigation in progress 13. Lawsuit(s) - State of TX / Xerox - debtor amended to add per 11/24/15 amended schedules - State court litigation : Cause No. D-1-GN-15-002055, pending in the 345th Judicial District Court of Travis County, Texas -- Valuation is an estimate to serve as a placeholder per UST guidelines and is not meant to reflect reality or limit demands or litigation in progress	Unknown	123,456.78		0.00	123,456.78

				Value of Remaining Assets	
TOTALS (Excluding Unknown Values)	\$1,046,987.56	\$123,457.78		\$0.00	\$123,457.78
					(Total Dollar Amount in Column 6)

Major activities affecting case closing which are not reflected above, and matters pending, date of hearing or sale, and other action:

-- Originally filed as chapter 11.
Jointly administered under case 14-32499 during chapter 11 proceedings.
Related cases are:

14-32499 Navarro Orthodontix, P.C.
15-31367 Car & Mar Ortho PLLC
15-31368 Man & CFN Ortho, PLLC
15-31369 Navarro Orthodontix of Fort Worth, PLLC
15-31371 Navarro Orthodontix of McAllen, PLLC

-- Converted to chapter 7 on 10/20/2015

-- The trustee is holding no funds in this case.

-- State Court litigation ongoing :

Lawsuit against ACS State Healthcare n/k/a Xerox State Healthcare. The case number is D-1-GN-15-002055. There are 12 groups of plaintiffs. The Navarro entities are one group, and the Westmoreland entities are a second group. This is a complex case. The appointment of multiple chapter 7 trustees adds to the complexity and makes the administrative expenses 6x larger for the bankruptcy estates and causes disjointed administration.

4/23/2020 updated status report from special counsel:

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Handling this case has taken a huge amount of time and resources from all parties: The State in its case against Xerox; Xerox in its defense of the lawsuits by the State as well as the dentists/businesses we represent, and from our law firms as we advance your claims against ACS/Xerox. There have been millions of documents exchanged in discovery, requiring thousands of hours to catalogue and review. Certain questions in the cases have already been sent to the Texas Supreme Court, and it is expected that more issues will be sent to the Supreme Court before these cases are completed. We have taken over 40 depositions of State and ACS/Xerox employees so far, and we believe our initial allegations have been supported by the evidence and testimony adduced in these depositions and through written discovery.

In 2019, we approached ACS/Xerox about the possibility of settling the dentists' cases against Xerox. Settlement was derailed when in February 2019, the State and Xerox entered into their own settlement of the State's larger claims against Xerox. That settlement essentially abated all discovery and settlement discussions in our cases, pending final and dismissal of the State's case against Xerox in August 2019.

Upon dismissal of the State's claims in August, Xerox conferred with us and requested that its defense of the claims by various defendants be consolidated into a single action. That will probably occur, but we believe the time has come, and the evidence will be in hand, to begin filing dispositive motions on behalf of plaintiffs like Navarro Orthodontix of Edinburg. Upon receipt of specific claims and payment documents from the State (which will have to be compelled), we expect to begin filing those dispositive motions with an eye toward having those summary judgment matters heard in the third quarter of 2020.

1/31/2021 update:

Following a COVID-induced hiatus of all activities in 2020, discovery in the consolidated cases against Xerox has resumed, and five more fact witnesses— this time they were former employees of the dental practices — have been deposed in the past 2 months. While discovery and depositions are accelerating, disputes are still on hold because the judge assigned the cases was unseated in the election. The cases have not been re-assigned to a new judge, so the filing and hearings on our plaintiffs' dispositive motions are also delayed pending a new assignment. The prior settlement offers from the dentists/practices to Xerox did not get a response from Xerox, and we believe that Xerox's response is being muted until hearings and rulings on the dispositive motions are made. Thus, the plan is to get dispositive motions before the Court in late Q1 or Q2, and reopen settlement discussions with Xerox immediately after rulings are secured. Given the long time these cases have been pending, we are considering setting a test case for trial late this year or early next year.

1/31/22 update:

There has been little or no change in the status of this case. The litigation against Xerox is pending in Travis County and there have not been any meaningful settlement discussions. Given the complexity of this case, the number of plaintiffs and the intervening Covid 19 disruption, it is difficult to predict the resolution of this case. Estimated date of closing 03/31/2023.

- - Claims review / objections if assets recovered / many claims related to foreclosed assets

- - Tax returns if assets recovered